

HB 173 INTRODUCED BY COHEN  
TAX OF 6 PERCENT ON HOTEL, MOTEL, CAMPGROUND  
ACCOMMODATIONS; DISTRIBUTION OF PROCEEDS

1/13 INTRODUCED  
1/13 REFERRED TO TAXATION  
1/14 FISCAL NOTE REQUESTED  
1/16 HEARING  
1/19 FISCAL NOTE RECEIVED  
3/16 TABLED IN COMMITTEE

1 INTRODUCED BY H.B. 173  
2 Colan

3  
4 A BILL FOR AN ACT ENTITLED: "AN ACT IMPOSING A STATEWIDE 6  
5 PERCENT TAX ON THE USERS OF HOTEL, MOTEL, OR TOURIST  
6 CAMPGROUND ACCOMMODATIONS; PROVIDING FOR THE DISTRIBUTION OF  
7 THE TAX PROCEEDS; AMENDING SECTION 17-7-502, MCA; AND  
8 PROVIDING AN EFFECTIVE DATE."  
9

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

11 NEW SECTION. Section 1. Definitions. For purposes of  
12 [this act], the following definitions apply:

13 (1) "Hotel" or "motel" means a building containing  
14 individual sleeping rooms or suites, providing overnight  
15 lodging facilities to the general public for compensation.  
16 The term includes a facility represented to the public as a  
17 hotel, motel, resort, inn, guest ranch, or public  
18 lodginghouse. The term does not include a roominghouse,  
19 retirement home, or other multiunit structure that is rented  
20 on other than a daily or weekly basis.

21 (2) "Tourist campground" means a place used for public  
22 camping, primarily by automobile tourists, where persons may  
23 camp, secure tents, or park travel trailers or recreational  
24 vehicles for camping and sleeping purposes. The term does  
25 not include a trailer court, trailer park, or mobile home

1 park intended for occupancy by trailers or mobile homes for  
2 nonrecreational dwelling purposes.

3 NEW SECTION. Section 2. Tax rate. There is imposed on  
4 the user of a hotel, motel, or tourist campground a tax at a  
5 rate equal to 6% of the accommodation charge collected by  
6 the hotel, motel, or tourist campground.

7 NEW SECTION. Section 3. Collection and reporting.  
8 (1) The owner or operator of a hotel, motel, or tourist  
9 campground shall collect the tax imposed by [section 2].

10 (2) The owner or operator shall report to the  
11 department of revenue, at the end of each calendar quarter,  
12 the gross receipts collected during that calendar quarter  
13 attributable to accommodation charges for the use of the  
14 hotel, motel, or tourist campground. The report is due  
15 within 30 days following the end of each calendar quarter  
16 and must be accompanied by a payment in an amount equal to  
17 the tax required to be collected under subsection (1).

18 NEW SECTION. Section 4. Failure to pay or file --  
19 penalty -- interest. (1) An owner or operator of a hotel,  
20 motel, or tourist campground who fails to file the report as  
21 required by [section 3] must be assessed a penalty of 5% of  
22 the tax that should have been collected during the calendar  
23 quarter. Upon a showing of good cause, the department of  
24 revenue may waive the penalty.

25 (2) An owner or operator of a hotel, motel, or tourist



1 campground who fails to make payment or fails to report and  
2 make payment as required by [section 3] must be assessed a  
3 penalty of 10% of the amount that was not paid. Upon a  
4 showing of good cause, the department may waive the penalty.

5 (3) If an owner or operator of a hotel, motel, or  
6 tourist campground fails to file the report required by  
7 [section 3] or if the department determines that the report  
8 understates the amount of tax due, the department may  
9 estimate the amount of the tax due and assess that amount  
10 against the owner or operator.

11 (4) The amount required to be paid under [section 3]  
12 accrues interest at the rate of 1% a month until paid.

13 NEW SECTION. Section 5. Distribution of tax proceeds.

14 (1) The proceeds of the tax imposed by [section 2] must be  
15 distributed as follows:

16 (a) \$50,000 to the department of revenue for the  
17 purpose of administering [this act]; and

18 (b) the remaining proceeds as follows:

19 (i) two-thirds to the department of commerce for  
20 Montana travel promotion purposes; and

21 (ii) one-third to the municipality in which the tax was  
22 collected or, if the tax was collected in an unincorporated  
23 area, to the county in which the tax was collected.

24 (2) The distributions made under subsection (1) are  
25 statutory appropriations as defined in 17-7-502.

1 Section 6. Section 17-7-502, MCA, is amended to read:

2 "17-7-502. Statutory appropriations -- definition --  
3 requisites for validity. (1) A statutory appropriation is an  
4 appropriation made by permanent law that authorizes spending  
5 by a state agency without the need for a biennial  
6 legislative appropriation or budget amendment.

7 (2) Except as provided in subsection (4), to be  
8 effective, a statutory appropriation must comply with both  
9 of the following provisions:

10 (a) The law containing the statutory authority must be  
11 listed in subsection (3).

12 (b) The law or portion of the law making a statutory  
13 appropriation must specifically state that a statutory  
14 appropriation is made as provided in this section.

15 (3) The following laws are the only laws containing  
16 statutory appropriations:

17 (a) 2-9-202;

18 (b) 2-17-105;

19 (c) 2-18-812;

20 (d) 10-3-203;

21 (e) 10-3-312;

22 (f) 10-3-314;

23 (g) 10-4-301;

24 (h) 13-37-304;

25 (i) 15-31-702;

1 (j) 15-36-112;  
 2 (k) 15-70-101;  
 3 (l) 16-1-404;  
 4 (m) 16-1-410;  
 5 (n) 16-1-411;  
 6 (o) 17-3-212;  
 7 (p) 17-5-404;  
 8 (q) 17-5-424;  
 9 (r) 17-5-804;  
 10 (s) 19-8-504;  
 11 (t) 19-9-702;  
 12 (u) 19-9-1007;  
 13 (v) 19-10-205;  
 14 (w) 19-10-305;  
 15 (x) 19-10-506;  
 16 (y) 19-11-512;  
 17 (z) 19-11-513;  
 18 (aa) 19-11-606;  
 19 (bb) 19-12-301;  
 20 (cc) 19-13-604;  
 21 (dd) 20-6-406;  
 22 (ee) 20-8-111;  
 23 (ff) 23-5-612;  
 24 (gg) 37-51-501;  
 25 (hh) 53-24-206;

1 (ii) 75-1-1101;  
 2 (jj) 75-7-305;  
 3 (kk) 80-2-103;  
 4 (ll) 80-2-228;  
 5 (mm) 90-3-301;  
 6 (nn) 90-3-302;  
 7 (oo) 90-15-103; and  
 8 (pp) Sec. 13, HB 861, L. 1985; and  
 9 (qq) [section 5].

10 (4) There is a statutory appropriation to pay the  
 11 principal, interest, premiums, and costs of issuing, paying,  
 12 and securing all bonds, notes, or other obligations, as due,  
 13 that have been authorized and issued pursuant to the laws of  
 14 Montana. Agencies that have entered into agreements  
 15 authorized by the laws of Montana to pay the state  
 16 treasurer, for deposit in accordance with 17-2-101 through  
 17 17-2-107, as determined by the state treasurer, an amount  
 18 sufficient to pay the principal and interest as due on the  
 19 bonds or notes have statutory appropriation authority for  
 20 such payments."

21 NEW SECTION. Section 7. Extension of authority. Any  
 22 existing authority of the department of revenue to make  
 23 rules on the subject of the provisions of this act is  
 24 extended to the provisions of this act.

25 NEW SECTION. Section 8. Codification instruction.

1 Sections 1 through 5 are intended to be codified as an  
2 integral part of Title 15, and the provisions of Title 15  
3 apply to sections 1 through 5.

4 NEW SECTION. Section 9. Effective date. This act is  
5 effective July 1, 1987.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB173, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An Act imposing a statewide 6 percent tax on the users of hotel, motel, or tourist campground accommodations; providing for the distribution of the tax proceeds; and providing an effective date and an applicability date.

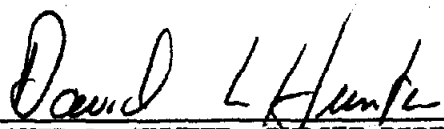
ASSUMPTIONS:

1. A hotel/motel/campground tax will generate gross collections of \$1.25 million per percent per year (OBPP). This estimate is assumed constant for each year.
2. For simplicity, it is assumed that the effective date of the proposal (July 1, 1987) and the quarterly remittance of the tax will prevent 1/4 of the annual proceeds from being collected in FY88.
3. Administrative costs of the Department of Revenue will be \$80,783 in FY88 and \$79,634 in FY89. In addition, \$119,000 start-up costs will be incurred in FY87 in order to implement the tax by July 1, 1987. Administrative costs in this proposal are higher than the Governor's Executive Budget due to tracking the local government entity where the tax was collected. The proposal provides the Department with \$50,000 to cover its administrative cost, which is insufficient and will require cuts in other program areas.

FISCAL IMPACT:

Revenue Impact:

	FY88			FY89		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
Hotel/Motel Tax	\$ 0	\$ 5,625,000	\$ 5,625,000	\$ 0	\$ 7,500,000	\$ 7,500,000
<u>Fund Information:</u>						
Dept. of Revenue	\$ 0	\$ 50,000	\$ 50,000	\$ 0	\$ 50,000	\$ 50,000
Dept. of Commerce	\$ 0	\$ 3,718,525	\$ 3,718,525	\$ 0	\$ 4,969,150	\$ 4,969,150
Local Governments	\$ 0	\$ 1,856,475	\$ 1,856,475	\$ 0	\$ 2,480,850	\$ 2,480,850

 DATE 1/19/87  
 DAVID L. HUNTER, BUDGET DIRECTOR  
 Office of Budget and Program Planning

 DATE 1/19/87  
 BEN COHEN, PRIMARY SPONSOR

Fiscal Note for HB173, as introduced.

Fiscal Note Request, HB173, as introduced.

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TECHNICAL OR MECHANICAL DEFECTS IN PROPOSED LEGISLATION OR CONFLICTS WITH EXISTING LEGISLATION:

N/A

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